

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 1359 - SB 1700

March 2, 2009

SUMMARY OF BILL: Requires all health insurance providers to offer coverage of prosthetics at a rate equal to that provided by Medicare.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$1,257,400

Increase Local Expenditures - \$100,000*

Increase Federal Expenditures - \$3,604,600

Potential Impact on Health Insurance Premiums (required by Tenn. Code Ann. § 3-2-111): Such legislation would result in an increase in the cost of health insurance premiums which exceeds \$100,000 for plans that do not currently offer prosthetic devices within the provisions of the proposed legislation.

Assumptions:

- The provisions of the bill will create a mandated benefit for prosthetic devices when determined appropriate by a health care provider.
- According to the Bureau of TennCare, the average Medicare rate exceeds actual TennCare expenditures by approximately 22 percent.
- In FY08, TennCare expended approximately \$22,100,000 for prosthetic procedures.
- Utilizing a 22 percent rate increase will result in the Bureau of TennCare incurring an increase in expenditures of \$4,862,000. Of this amount, \$1,257,410 in state funds at a rate of 25.862 percent and \$3,604,590 in federal funds at a rate of 74.138 percent.
- The State Plan, Local Government and Local Education Health Plans will be exempted from the provisions of the bill due to federal preemption.
- Any local government health plans that are not part of the state plan will incur an estimated increase in expenditures which will exceed \$100,000 for covering prosthetic devices.

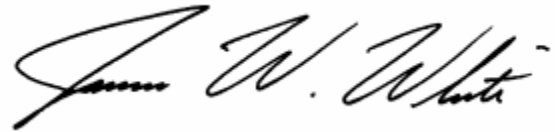
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- The Department of Commerce and Insurance is responsible for the implementation and regulation of the provisions of this bill. Any cost can be accommodated within existing resources without an increased appropriation or reduced reversion.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/kml